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-----Original Message-----

From: Hurwitz, Evelyn S On Behalf Of Public Info  
Sent: Monday, October 02, 2000 10:42 AM  
To: Gottlieb, Mary H  
Subject: FW: TFR Proposal

#38

-----Original Message-----

From: Sherri Billings [mailto:SBillings@ffbh.com]  
Sent: Friday, September 29, 2000 6:18 PM  
To: OTS COMMENTS (E-mail)  
Subject: TFR Proposal

September 29, 2000

Manager, Dissemination Branch  
Information Management and Services Division  
Office of Thrift Supervision  
1700 G Street, NW  
Washington, DC 20552  
Attention 1550-0023

Ref: Proposed Amendments to Thrift Financial Report Form 1313

Dear Sir:

First Federal Bank of Arkansas appreciates the opportunity to offer comments regarding the proposed amendments to the TFR.

We have concerns with the proposals for nontraditional lending. We have no lending in this area, but have concerns that the monitoring and reporting would be very burdensome in determining that we do have no loans that meet any of the defined criteria. There should be a level of subprime loans below which no reporting is required. This de minimus level would allow limited subprime activity without reporting burdens. In regards to subprime lending, in our opinion the factors that are the best indicators of higher risk of default are:

- (1) Loan to Value
- (2) Debt-to-Income
- (3) Credit Scores

However, there should not be a specific debt-to-income ratio which would automatically be labeled as subprime. Some borrowers could have higher

debt-to-income but not be subprime borrowers. The definition of subprime should not be same for all types of loans. Each type of collateral has different collateral risks. Smaller associations should not be treated differently for reporting purposes.

In defining high loan-to-value loans, aggregating of multiple liens would need to be clearly defined as well as how mortgage insurance affects the loan-to-value. Mortgage insurance should be considered in determining the loan-to-value.

We are concerned with the redefining mortgages. This raises numerous considerations in the way these loans are set up on our computer system to be reported as nonmortgage loans on all the schedules of the TFR. To change the definition would require a major overhaul of our current system. This would put a tremendous burden on our bank to do this in the proposed timeframe. Based on reporting for March 31, 2001, we would have to have our revised system in place by January 1, 2001 to accommodate the schedules such as CF that report quarterly activity.

We are opposed to adding the board of directors interest-rate risk limits to the data collected. We believe this should be kept confidential. We also believe the information on Schedule CMR should remain confidential and not disclosed to the public.

In reporting the percentage of thrift's officers who are also officers of the affiliates, "officer" needs to be clearly defined to determine the number of bank officers to include in the calculation.

We encourage all data to be dropped that provides no useful purpose such as the Schedule YD.

Sincerely,

Sherri Billings  
SVP-Treasurer  
First Federal Bank of Arkansas  
Phone 870-365-8310  
sbillings@ffbh.com